

1 AN ACT relating to retiree health reimbursements to the Kentucky Retirement  
2 Systems.

3 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

4 ➔Section 1. KRS 61.637 is amended to read as follows:

5 (1) A retired member who is receiving monthly retirement payments under any of the  
6 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed  
7 as an employee by a participating agency prior to August 1, 1998, shall have his  
8 retirement payments suspended for the duration of reemployment. Monthly  
9 payments shall not be suspended for a retired member who is reemployed if he  
10 anticipates that he will receive less than the maximum permissible earnings as  
11 provided by the Federal Social Security Act in compensation as a result of  
12 reemployment during the calendar year. The payments shall be suspended at the  
13 beginning of the month in which the reemployment occurs.

14 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to  
15 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,  
16 except where monthly payments were not suspended as provided in subsection (1)  
17 of this section or would not increase the retired member's last monthly retirement  
18 allowance by at least one dollar (\$1), and the member shall be credited with  
19 additional service credit.

20 (3) In the month following the termination of reemployment, retirement allowance  
21 payments shall be reinstated under the plan under which the member was receiving  
22 payments prior to reemployment.

23 (4) (a) Notwithstanding the provisions of this section, the payments suspended in  
24 accordance with subsection (1) of this section shall be paid retroactively to the  
25 retired member, or his estate, if he does not receive more than the maximum  
26 permissible earnings as provided by the Federal Social Security Act in  
27 compensation from participating agencies during any calendar year of

1           reemployment.

2           (b) If the retired member is paid suspended payments retroactively in accordance  
3           with this section, employee contributions deducted during his period of  
4           reemployment, if any, shall be refunded to the retired employee, and no  
5           service credit shall be earned for the period of reemployment.

6           (c) If the retired member is not eligible to be paid suspended payments for his  
7           period of reemployment as an employee, his retirement allowance shall be  
8           recomputed under the plan under which the member was receiving payments  
9           prior to reemployment as follows:

- 10           1. The retired member's final compensation shall be recomputed using  
11           creditable compensation for his period of reemployment; however, the  
12           final compensation resulting from the recalculation shall not be less than  
13           that of the member when his retirement allowance was last determined;
- 14           2. If the retired member initially retired on or subsequent to his normal  
15           retirement date, his retirement allowance shall be recomputed by using  
16           the formula in KRS 61.595(1);
- 17           3. If the retired member initially retired prior to his normal retirement date,  
18           his retirement allowance shall be recomputed using the formula in KRS  
19           61.595(2), except that the member's age used in computing benefits shall  
20           be his age at the time of his initial retirement increased by the number of  
21           months of service credit earned for service performed during  
22           reemployment;
- 23           4. The retirement allowance payments resulting from the recomputation  
24           under this subsection shall be payable in the month following the  
25           termination of reemployment in lieu of payments under subparagraph 3.  
26           The member shall not receive less in benefits as a result of the  
27           recomputation than he was receiving prior to reemployment or would

1 receive as determined under KRS 61.691; and

2 5. Any retired member who was reemployed prior to March 26, 1974, shall  
3 begin making contributions to the system in accordance with the  
4 provisions of this section on the first day of the month following March  
5 26, 1974.

6 (5) A retired member, or his estate, shall pay to the retirement fund the total amount of  
7 payments which are not suspended in accordance with subsection (1) of this section  
8 if the member received more than the maximum permissible earnings as provided  
9 by the Federal Social Security Act in compensation from participating agencies  
10 during any calendar year of reemployment, except the retired member or his estate  
11 may repay the lesser of the total amount of payments which were not suspended or  
12 fifty cents (\$0.50) of each dollar earned over the maximum permissible earnings  
13 during reemployment if under age sixty-five (65), or one dollar (\$1) for every three  
14 dollars (\$3) earned if over age sixty-five (65).

15 (6) (a) "Reemployment" or "reinstatement" as used in this section shall not include a  
16 retired member who has been ordered reinstated by the Personnel Board under  
17 authority of KRS 18A.095.

18 (b) A retired member who has been ordered reinstated by the Personnel Board  
19 under authority of KRS 18A.095 or by court order or by order of the Human  
20 Rights Commission and accepts employment by an agency participating in the  
21 Kentucky Employees Retirement System or County Employees Retirement  
22 System shall void his retirement by reimbursing the system in the full amount  
23 of his retirement allowance payments received.

24 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this  
25 section shall no longer apply to a retired member who is reemployed in a  
26 position covered by the same retirement system from which the member  
27 retired. Reemployed retired members shall be treated as new members upon

1           reemployment. Any retired member whose reemployment date preceded  
2           August 1, 1998, who does not elect, within sixty (60) days of notification by  
3           the retirement systems, to remain under the provisions of subsections (1) to  
4           (4) of this section shall be deemed to have elected to participate under this  
5           subsection.

6           (b) A retired member whose disability retirement was discontinued pursuant to  
7           KRS 61.615 and who is reemployed in one (1) of the systems administered by  
8           the Kentucky Retirement Systems prior to his or her normal retirement date  
9           shall have his or her accounts combined upon termination for determining  
10          eligibility for benefits. If the member is eligible for retirement, the member's  
11          service and creditable compensation earned as a result of his or her  
12          reemployment shall be used in the calculation of benefits, except that the  
13          member's final compensation shall not be less than the final compensation last  
14          used in determining his or her retirement allowance. The member shall not  
15          change beneficiary or payment option designations. This provision shall apply  
16          to members reemployed on or after August 1, 1998.

17       (8) A retired member or his employer shall notify the retirement system if he has  
18       accepted employment or is serving as a volunteer with an employer that participates  
19       in the retirement system from which the member retired. The retired member and  
20       the participating employer shall submit the information required or requested by the  
21       systems to confirm the individual's employment or volunteer status.

22       (9) If the retired member is under a contract, the member shall submit a copy of that  
23       contract to the retirement system, and the retirement system shall determine if the  
24       member is an independent contractor for purposes of retirement benefits. The  
25       retired member and the participating employer shall submit the information required  
26       or requested by the systems to confirm the individual's employment or volunteer  
27       status.

- 1 (10) If a member is receiving a retirement allowance, or has filed the forms required for  
2 a retirement allowance, and is employed within one (1) month of the member's  
3 initial retirement date in a position that is required to participate in the same  
4 retirement system from which the member retired, the member's retirement shall be  
5 voided and the member shall repay to the retirement system all benefits received.  
6 The member shall contribute to the member account established for him prior to his  
7 voided retirement. The retirement allowance for which the member shall be eligible  
8 upon retirement shall be determined by total service and creditable compensation.
- 9 (11) (a) If a member of the Kentucky Employees Retirement System retires from a  
10 department which participates in more than one (1) retirement system and is  
11 reemployed within one (1) month of his initial retirement date by the same  
12 department in a position participating in another retirement system, the retired  
13 member's retirement allowance shall be suspended for the first month of his  
14 retirement and the member shall repay to the retirement system all benefits  
15 received for the month.
- 16 (b) A retired member of the County Employees Retirement System who after  
17 initial retirement is hired by the county from which the member retired shall  
18 be considered to have been hired by the same employer.
- 19 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a  
20 nonhazardous member who retired prior to age sixty-five (65), is reemployed  
21 within six (6) months of the member's termination by the same employer, the  
22 member shall obtain from his previous and current employers a copy of the  
23 job description established by the employers for the position and a statement  
24 of the duties performed by the member for the position from which he retired  
25 and for the position in which he has been reemployed.
- 26 (b) The job descriptions and statements of duties shall be filed with the retirement  
27 office.

- 1 (13) If the retirement system determines that the retired member has been employed in a  
2 position with the same principal duties as the position from which the member  
3 retired:
- 4 (a) The member's retirement allowance shall be suspended during the period that  
5 begins on the month in which the member is reemployed and ends six (6)  
6 months after the member's termination;
- 7 (b) The retired member shall repay to the retirement system all benefits paid from  
8 systems administered by Kentucky Retirement Systems under reciprocity,  
9 including medical insurance benefits, that the member received after  
10 reemployment began;
- 11 (c) Upon termination, or subsequent to expiration of the six (6) month period  
12 from the date of termination, the retired member's retirement allowance based  
13 on his initial retirement account shall no longer be suspended and the member  
14 shall receive the amount to which he is entitled, including an increase as  
15 provided by KRS 61.691;
- 16 (d) Except as provided in subsection (7) of this section, if the position in which a  
17 retired member is employed after initial retirement is a regular full-time  
18 position, the retired member shall contribute to a second member account  
19 established for him in the retirement system. Service credit gained after the  
20 member's date of reemployment shall be credited to the second member  
21 account; and
- 22 (e) Upon termination, the retired member shall be entitled to benefits payable  
23 from his second retirement account.
- 24 (14) (a) If the retirement system determines that the retired member has not been  
25 reemployed in a position with the same principal duties as the position from  
26 which he retired, the retired member shall continue to receive his retirement  
27 allowance.

1 (b) If the position is a regular full-time position, the member shall contribute to a  
2 second member account in the retirement system.

3 (15) (a) If a retired member is reemployed at least one (1) month after initial  
4 retirement in a different position, or at least six (6) months after initial  
5 retirement in the same position, and prior to normal retirement age, the retired  
6 member shall contribute to a second member account in the retirement system  
7 and continue to receive a retirement allowance from the first member account.

8 (b) Service credit gained after reemployment shall be credited to the second  
9 member account. Upon termination, the retired member shall be entitled to  
10 benefits payable from the second member account.

11 (16) A retired member who is reemployed and contributing to a second member account  
12 shall not be eligible to purchase service credit under any of the provisions of KRS  
13 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he was eligible to  
14 purchase prior to his initial retirement.

15 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this  
16 section, the following shall apply to retired members who are reemployed by an  
17 agency participating in one (1) of the systems administered by Kentucky Retirement  
18 Systems on or after September 1, 2008:

19 (a) Except as provided by paragraphs (c) and (d) of this subsection, if a member is  
20 receiving a retirement allowance from one (1) of the systems administered by  
21 Kentucky Retirement Systems, or has filed the forms required to receive a  
22 retirement allowance from one (1) of the systems administered by Kentucky  
23 Retirement Systems, and is employed in a regular full-time position required  
24 to participate in one (1) of the systems administered by Kentucky Retirement  
25 Systems or is employed in a position that is not considered regular full-time  
26 with an agency participating in one (1) of the systems administered by  
27 Kentucky Retirement Systems within three (3) months following the member's

1 initial retirement date, the member's retirement shall be voided, and the  
2 member shall repay to the retirement system all benefits received, including  
3 any health insurance benefits. If the member is returning to work in a regular  
4 full-time position required to participate in one (1) of the systems  
5 administered by Kentucky Retirement Systems:

- 6 1. The member shall contribute to a member account established for him or  
7 her in one (1) of the systems administered by Kentucky Retirement  
8 Systems, and employer contributions shall be paid on behalf of the  
9 member by the participating employer; and
- 10 2. Upon subsequent retirement, the member shall be eligible for a  
11 retirement allowance based upon total service and creditable  
12 compensation, including any additional service or creditable  
13 compensation earned after his or her initial retirement was voided;

14 (b) Except as provided by paragraphs (c) and (d) of this subsection, if a member is  
15 receiving a retirement allowance from one (1) of the systems administered by  
16 Kentucky Retirement Systems and is employed in a regular full-time position  
17 required to participate in one (1) of the systems administered by Kentucky  
18 Retirement Systems after a three (3) month period following the member's  
19 initial retirement date, the member may continue to receive his or her  
20 retirement allowance during the period of reemployment subject to the  
21 following provisions:

- 22 1. Both the employee and participating agency shall certify in writing on a  
23 form prescribed by the board that no prearranged agreement existed  
24 between the employee and agency prior to the employee's retirement for  
25 the employee to return to work with the participating agency. If an  
26 elected official is reelected to a new term of office in the same position  
27 and retires following the election but prior to taking the new term of



- 1 office, he or she shall be deemed by the system as having a prearranged  
2 agreement under the provisions of this subparagraph and shall have his  
3 or her retirement voided. If the participating agency or employer fail to  
4 complete the certification, the member's retirement shall be voided and  
5 the provisions of paragraph (a) of this subsection shall apply to the  
6 member and the employer;
- 7 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to  
8 the contrary, the member shall not contribute to the systems and shall  
9 not earn any additional benefits for any work performed during the  
10 period of reemployment;
- 11 3. Except as provided by KRS 70.291 to 70.293 and 95.022, the employer  
12 shall pay employer contributions as specified by KRS 61.565 and 61.702  
13 on all creditable compensation earned by the employee during the period  
14 of reemployment. The additional contributions paid shall be used to  
15 reduce the unfunded actuarial liability of the systems; and
- 16 4. Except as provided by KRS 70.291 to 70.293 and 95.022, the employer  
17 shall be required to reimburse the systems for the cost of the health  
18 insurance premium paid by the systems to provide coverage for the  
19 retiree, not to exceed the cost of the single premium. Effective July 1,  
20 2017~~[2015]~~, local school boards shall not be required to pay the  
21 reimbursement required by this subparagraph for retirees employed by  
22 the board~~[ for eighty (80) days or less during the fiscal year]~~;
- 23 (c) If a member is receiving a retirement allowance from the State Police  
24 Retirement System or from hazardous duty retirement coverage with the  
25 Kentucky Employees Retirement System or the County Employees Retirement  
26 System, or has filed the forms required to receive a retirement allowance from  
27 the State Police Retirement System or from hazardous duty retirement

1 coverage with the Kentucky Employees Retirement System or the County  
2 Employees Retirement System, and is employed in a regular full-time position  
3 required to participate in the State Police Retirement System or in a hazardous  
4 duty position with the Kentucky Employees Retirement System or the County  
5 Employees Retirement System within one (1) month following the member's  
6 initial retirement date, the member's retirement shall be voided, and the  
7 member shall repay to the retirement system all benefits received, including  
8 any health insurance benefits. If the member is returning to work in a regular  
9 full-time position required to participate in one (1) of the systems  
10 administered by Kentucky Retirement Systems:

- 11 1. The member shall contribute to a member account established for him or  
12 her in one (1) of the systems administered by Kentucky Retirement  
13 Systems, and employer contributions shall be paid on behalf of the  
14 member by the participating employer; and
- 15 2. Upon subsequent retirement, the member shall be eligible for a  
16 retirement allowance based upon total service and creditable  
17 compensation, including any additional service or creditable  
18 compensation earned after his or her initial retirement was voided;

19 (d) If a member is receiving a retirement allowance from the State Police  
20 Retirement System or from hazardous duty retirement coverage with the  
21 Kentucky Employees Retirement System or the County Employees Retirement  
22 System and is employed in a regular full-time position required to participate  
23 in the State Police Retirement System or in a hazardous duty position with the  
24 Kentucky Employees Retirement System or the County Employees Retirement  
25 System after a one (1) month period following the member's initial retirement  
26 date, the member may continue to receive his or her retirement allowance  
27 during the period of reemployment subject to the following provisions:

- 1           1. Both the employee and participating agency shall certify in writing on a  
2           form prescribed by the board that no prearranged agreement existed  
3           between the employee and agency prior to the employee's retirement for  
4           the employee to return to work with the participating agency. If an  
5           elected official is reelected to a new term of office in the same position  
6           and retires following the election but prior to taking the new term of  
7           office, he or she shall be deemed by the system as having a prearranged  
8           agreement under the provisions of this subparagraph and shall have his  
9           or her retirement voided. If the participating agency or employer fail to  
10          complete the certification, the member's retirement shall be voided and  
11          the provisions of paragraph (c) of this subsection shall apply to the  
12          member and the employer;
- 13          2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to  
14          the contrary, the member shall not contribute to the systems and shall  
15          not earn any additional benefits for any work performed during the  
16          period of reemployment;
- 17          3. Except as provided by KRS 70.291 to 70.293 and 95.022, the employer  
18          shall pay employer contributions as specified by KRS 61.565 and 61.702  
19          on all creditable compensation earned by the employee during the period  
20          of reemployment. The additional contributions paid shall be used to  
21          reduce the unfunded actuarial liability of the systems; and
- 22          4. Except as provided by KRS 70.291 to 70.293 and 95.022, the employer  
23          shall be required to reimburse the systems for the cost of the health  
24          insurance premium paid by the systems to provide coverage for the  
25          retiree, not to exceed the cost of the single premium;
- 26          (e) Notwithstanding paragraphs (a) to (d) of this subsection, a retired member  
27          who qualifies as a volunteer for an employer participating in one (1) of the

1 systems administered by Kentucky Retirement Systems and who is receiving  
2 reimbursement of actual expenses, a nominal fee for his or her volunteer  
3 services, or both, shall not be considered an employee of the participating  
4 employer and shall not be subject to paragraphs (a) to (d) of this subsection if:

- 5 1. Prior to the retired member's most recent retirement date, he or she did  
6 not receive creditable compensation from the participating employer in  
7 which the retired member is performing volunteer services;
- 8 2. Any reimbursement or nominal fee received prior to the retired  
9 member's most recent retirement date has not been credited as creditable  
10 compensation to the member's account or utilized in the calculation of  
11 the retired member's benefits;
- 12 3. The retired member has not purchased or received service credit under  
13 any of the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852 for  
14 service with the participating employer for which the retired member is  
15 performing volunteer services; and
- 16 4. Other than the status of volunteer, the retired member does not become  
17 an employee, leased employee, or independent contractor of the  
18 employer for which he or she is performing volunteer services for a  
19 period of at least twenty-four (24) months following the retired  
20 member's most recent retirement date.

21 If a retired member, who provided volunteer services with a participating  
22 employer under this paragraph violates any provision of this paragraph, then  
23 he or she shall be deemed an employee of the participating employer as of the  
24 date he or she began providing volunteer services and both the retired member  
25 and the participating employer shall be subject to paragraphs (a) to (d) of this  
26 subsection for the period of volunteer service; and

- 27 (f) Notwithstanding any provision of this section, any mayor or member of a city

- 1 legislative body who has not participated in the County Employees Retirement  
2 System prior to retirement, but who is otherwise eligible to retire from the  
3 Kentucky Employees Retirement System or the State Police Retirement  
4 System, shall not be:
- 5 1. Required to resign from his or her position as mayor or as a member of  
6 the city legislative body in order to begin drawing benefits from the  
7 Kentucky Employees Retirement System or the State Police Retirement  
8 System; or
  - 9 2. Subject to any provision of this section as it relates solely to his or her  
10 service as a mayor or member of the city legislative body.